

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MAYES TO INTERROGATORY OF
UNITED PARCEL SERVICE
(UPS/USPS-T37-76, 77, 78(A) & (C))

The United States Postal Service hereby provides the response of witness Mayes to the following interrogatory of United Parcel Service: UPS/USPS-T37-76, 77, 78(a) & (c), filed on September 17, 1997. Interrogatory UPS/USPS-T37-75 was redirected to the Postal Service. An objection to UPS/USPS-T37-78(b) is being filed today.


The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2999; Fax -5402
October 1, 1997

RESPONSE OF POSTAL SERVICE WITNESS MAYES TO UPS INTERROGATORIES

- UPS/USPS-T37-76. (a) Please confirm that the DSCF rates are calculated from the DBMC rates (i.e., $\text{DSCF rate} = \text{DBMC (zone 1\&2)} - \text{Nontransportation savings between DSCF and DBMC} - [\text{DBMC (zone 1\&2) transportation cost/piece} - \text{DSCF transportation cost/piece}]$). If not confirmed, please explain.
- (b) Please confirm that the DDU rates are calculated from the Intra-BMC Local rates (i.e., $\text{DDU rate} = \text{Intra-BMC rate (Local)} - \text{Nontransportation savings between intra-/inter-BMC} - \text{Nontransportation savings between DBMC and DDU} - [\text{Intra-BMC (Local) transportation cost/piece} - \text{DDU transportation cost/piece}]$). If not confirmed, please explain.
- (c) Please explain why DDU rates are not calculated using the same methodology used to calculate DSCF rates (i.e., $\text{DDU rate} = \text{DBMC rate (zone 1\&2)} - \text{Nontransportation savings between DBMC and DDU} - [\text{DBMC (zone 1\&2) transportation cost/piece} - \text{DDU transportation cost/piece}]$).

Response:

- (a) Please refer to my response to UPS/USPS-T37-62.
- (b) The DDU rates were calculated by taking the rates for Local intra-BMC as found at pages 1-2 of workpaper WP I.N., subtracting the transportation discounts as provided at pages 11-12 of workpaper WP I.E., subtracting the nontransportation discount between intra-BMC and DBMC as provided on page 1 of workpaper WP I.I. (cell D21) and subtracting the nontransportation discount between DBMC and DDU as provided on page 1 of workpaper WP I.I. (cell D45).
- (c) There is not currently a discount for DDU mail, and so no experience with DDU for Parcel Post, and there was no market research available to provide guidance as to the source of DDU mail. Given that, I calculated the DDU rates with reference to the Local intra-BMC rates because the information that I used to estimate the volume of mail that is currently entered as DDU

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mail was derived from mailing statements for Parcel Post entered as Local intra-BMC mail. Please refer to the footnote to page 23 of my workpaper WP I.A.

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UPS/USPS-T37-77. (a) Please confirm that the DDU transportation cost per piece (WP I.E., pages 11-12) is calculated using the Intra-BMC cubic feet per piece (WP I.E., pages 1-2). If not confirmed, please explain.

(b) Please confirm that the DSCF transportation cost per piece (WP I.E., pages 9-10) is calculated using the DBMC cubic feet per piece (WP I.E., pages 1-2). If not confirmed, please explain.

(c) Provide an explanation why the DBMC cubic feet per piece (WP I.E., pages 1-2) is not used in calculating the DDU transportation cost per piece.

Response:

(a) Confirmed.

(b) Confirmed.

(c) As described in my response to UPS/USPS-T37-76(c), I used the intra-BMC cubic feet per piece figures to calculate the DDU transportation discount because the information I used to estimate the volume of mail currently being entered as DDU mail was tied to the volume of Local zone intra-BMC mail.

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UPS/USPS-T37-78. Refer to your response to interrogatory UPS/USPS-T37-39

- (a) Please confirm that the ASF and BMC number reference, i.e., BMC 06, are the same for each BMC and ASF in charts 9 and 10, 1 through 8, and Attachment S of Library Reference H-135.
- (b) If not confirmed, provide compatible reference numbers for each BMC and ASF.
- (c) Explain why there are only 8 ASFs and not 11 ASFs shown for DBMC in Attachment S of Library Reference H-135.

Response:


(a) Not confirmed.

(b) Objection filed.

(c) Alaska, Hawaii, and Puerto Rico are included as ASFs for mail mapping purposes in charts 9 and 10. Mail traveling within those three areas is not eligible for DBMC rates, so they were not included as ASFs in the DBMC listing in Attachment S of Library Reference H-135.

DECLARATION

I, Virginia J. Mayes, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


Virginia J. Mayes

Dated: 10-1-97

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", written over a horizontal line.

Scott L. Reiter

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